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MINISTRY OF LAW

New Delhi, the 13th September, 1957

The following Act of Parliament received the assent of the President on the 12th September, 1957, and is hereby published for general information:—

THE WEALTH-TAX ACT, 1957

No. 27 of 1957

[12th September, 1957]

An Act to provide for the levy of wealth-tax.

BE it enacted by Parliament in the Eighth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Wealth-tax Act, 1957.
- (2) It extends to the whole of India.
- (3) It shall be deemed to have come into force on the 1st day of April, 1957.

Short title,
extent and
commence-
ment.

2. In this Act, unless the context otherwise requires,—

Definitions.

(a) "Appellate Assistant Commissioner" means a person empowered to exercise the functions of an Appellate Assistant Commissioner of Wealth-tax under section 9;

(b) "Appellate Tribunal" means the Appellate Tribunal appointed under section 5A of the Income-tax Act;

(c) "assessee" means a person by whom wealth-tax or any other sum of money is payable under this Act, and includes every person in respect of whom any proceedings under this Act has been taken for the assessment of the value of his assets;

(d) "assessment year" means the year for which tax is chargeable under section 3;

(e) "assets" includes property of every description, movable or immovable, but does not include—

(i) agricultural land and growing crops, grass or standing trees on such land;

(ii) any building owned or occupied by a cultivator or receiver of rent or revenue out of agricultural land:

Provided that the building is on or in the immediate vicinity of the land and is a building which the cultivator or the receiver of rent or revenue by reason of his connection with the land requires as a dwelling-house or a store-house or an outhouse;

(iii) animals;

(iv) a right to any annuity in any case where the terms and conditions relating thereto preclude the commutation of any portion thereof into a lump sum grant;

(v) any interest in property where the interest is available to an assessee for a period not exceeding six years;

(f) "Board" means the Central Board of Revenue constituted under the Central Board of Revenue Act, 1924;

4 of 1924.

(g) "Commissioner" means a person empowered to exercise the functions of a Commissioner of Wealth-tax under section 10;

(h) "company" means a company as defined in section 3 of the Companies Act, 1956, and includes a foreign company within the meaning of section 591 of that Act;

1 of 1956.

(i) "executor" means an executor or administrator of the estate of a deceased person;

(j) "Income-tax Act" means the Indian Income-tax Act, 1922;

11 of 1922.

(k) "Income-tax Officer" means a person appointed to be an Income-tax Officer under the Income-tax Act;

(l) "Inspecting Assistant Commissioner of Wealth-tax" means a person empowered to exercise the functions of an Inspecting Assistant Commissioner of Wealth-tax under section 11;

(m) "net wealth" means the amount by which the aggregate value computed in accordance with the provisions of this Act of all the assets, wherever located, belonging to the assessee on the valuation date, including assets required to be included in his net wealth as on that date under this Act, is in excess of the aggregate value of all the debts owed by the assessee on the valuation date other than,—

(i) debts which under section 6 are not to be taken into account; and

(ii) debts which are secured on, or which have been incurred in relation to, any asset in respect of which wealth-tax is not payable under this Act;

(n) "prescribed" means prescribed by rules made under this Act;

(o) "principal officer", used with reference to a company, means the secretary, manager, managing agent or managing director of the company, and includes any person connected with the management of the affairs of the company upon whom the Wealth-tax Officer has served a notice of his intention of treating him as the principal officer thereof;

(p) "Ruler" means a Ruler as defined in clause (22) of article 366 of the Constitution;

(q) "valuation date", in relation to any year for which an assessment is to be made under this Act, means the last day of the previous year as defined in clause (11) of section 2 of the Income-tax Act if an assessment were to be made under that Act for that year:

Provided that where in the case of an assessee there are different previous years under the Income-tax Act for different sources of income, the valuation date for the purposes of this Act shall be the last day of the last of the previous years aforesaid;

(r) "valuer" means a valuer appointed under section 4 of the Estate Duty Act, 1953;

(s) "Wealth-tax Officer" means the Income-tax Officer authorised to perform the functions of a Wealth-tax Officer under section 8.

CHAPTER II

CHARGE OF WEALTH-TAX AND ASSETS SUBJECT TO SUCH CHARGE

Charge of
wealth-tax.

3. Subject to the other provisions contained in this Act, there shall be charged for every financial year commencing on and from the first day of April, 1957, a tax (hereinafter referred to as wealth-tax) in respect of the net wealth on the corresponding valuation date of every individual, Hindu undivided family and company at the rate or rates specified in the Schedule.

Net wealth
to include
certain
assets.

4. (1) In computing the net wealth of an individual, there shall be included, as belonging to him—

(a) the value of assets which on the valuation date are held—

(i) by his wife to whom such assets have been transferred by the individual, directly or indirectly, otherwise than for adequate consideration or in connection with an agreement to live separately, or

(ii) by a minor child not being a married daughter to whom such assets have been transferred by the individual otherwise than for adequate consideration, or

(iii) by a person or association of persons to whom such assets have been transferred by the individual otherwise than for adequate consideration for the benefit of the individual or his wife or minor child, or

(iv) by a person or association of persons to whom such assets have been transferred by the individual otherwise than under an irrevocable transfer,

whether the assets referred to in any of the sub-clauses aforesaid are held in the form in which they were transferred or otherwise;

(b) where the assessee is a partner in a firm or a member of an association of persons, the value of his interest in the firm or association determined in the prescribed manner.

(2) In making any rules with reference to the valuation of the interest referred to in clause (b) of sub-section (1), the Board shall have regard to the law for the time being in force relating to the manner in which accounts are to be settled between partners of a firm and members of an association on the dissolution of a firm or association, as the case may be.

(3) Where the value of any assets is to be included in the net wealth of an assessee in accordance with clause (a) of sub-section (1), there shall be deducted from such value any debts owing on the valuation date by the transferee mentioned in that sub-section in so far as such debts are referable to the assets.

(4) Nothing contained in clause (a) of sub-section (1) shall apply to any such transfer as is referred to therein made by an individual before the 1st day of April, 1956, and the value of any assets so transferred shall not be included in the computation of his net wealth.

(5) The value of any assets transferred under an irrevocable transfer shall be liable to be included in computing the net wealth of the transferor as and when the power to revoke arises to him.

Explanation.—For the purposes of this section the expression “transfer” includes any disposition, trust, covenant, agreement or arrangement, and “an irrevocable transfer” includes a transfer of assets which, by the terms of the instrument effecting it, is not revocable for a period exceeding six years or during the lifetime of the transferee.

5. (1) Wealth-tax shall not be payable by an assessee in respect of the following assets, and such assets shall not be included in the net wealth of the assessee—

Exemption
in respect of
certain
assets.

(i) any property held by him under trust or other legal obligation for any public purpose of a charitable or religious nature in India;

(ii) the interest of the assessee in the coparcenary property of any Hindu undivided family of which he is a member;

(iii) any one building in the occupation of a Ruler declared by the Central Government as his official residence under Paragraph 13 of the Merged States (Taxation Concessions) Order, 1949, or Paragraph 15 of the Part B States (Taxation Concessions) Order, 1950;

(iv) one house belonging to the assessee exclusively used by him for residential purposes and situate in any place with a population not exceeding ten thousand and which is more than five miles distant from any area for which there is a municipality the population whereof exceeds ten thousand;

(v) the rights under any patent or copyright belonging to the assessee;

Provided that they are not held by him as assets of a business, profession or vocation and no income or benefit accrues to him therefrom;

(vi) the right or interest of the assessee in any policy of insurance before the moneys covered by the policies become due and payable to the assessee;

(vii) the right of the assessee to receive a pension or other life annuity in respect of past services under an employer;

(viii) furniture, household utensils, wearing apparel, provisions and other articles intended for the personal or household use of the assessee;

(ix) the tools and implements used by the assessee for the raising of agricultural produce;

Explanation.—For the purposes of this clause, tools and implements do not include any plant or machinery used in any tea or other plantation in connection with the processing of any agricultural produce or in the manufacture of any article from such produce;

(x) the tools and instruments necessary to enable the assessee to carry on his profession or vocation, subject to a maximum of twenty thousand rupees in value;

(xi) instruments and other apparatus used by the assessee for purposes of scientific research;

(xii) any works of art, archaeological, scientific or art collections, books or manuscripts belonging to the assessee and not intended for sale;

(xiii) any drawings, paintings, photographs, prints and any other heirloom not falling within clause (xii) and not intended for sale, but not including jewellery;

(xiv) jewellery in the possession of any Ruler, not being his personal property, which has been recognised before the commencement of this Act by the Central Government as his heirloom or, where no such recognition exists, which the Board may, subject to any rules that may be made by the Central Government in this behalf, recognise as his heirloom at the time of his first assessment to wealth-tax under this Act;

(xv) jewellery belonging to the assessee, subject to a maximum of twenty-five thousand rupees in value;

(xvi) ten year treasury savings deposit certificates, fifteen year annuity certificates, deposits in post office savings banks, post office cash certificates and post office national savings certificates held by the assessee,

(xvii) the amount standing to the credit of an assessee, being a salaried employee, in any provident fund maintained by his employer to which the Provident Funds Act, 1925, applies or which is a recognised provident fund within the meaning of Chapter IXA of the Income-tax Act;

(xviii) the property received by an assessee from Government in pursuance of any gallantry or merit award instituted or approved by the Central Government;

(xix) the value of any shares held by the assessee in any other company in any case where the assessee is a company;

(xx) the value of any shares held by the assessee in any company referred to in clause (d) of section 45, if on the relevant valuation date the provisions of this Act are not applicable to the company by reason of the provisions contained in that section;

(xxi) that portion of the net wealth of a company established with the object of carrying on an industrial undertaking in India within the meaning of the *Explanation* to clause (d) of section 45, as is employed by it in a new and separate unit set up after the commencement of this Act by way of substantial expansion of its undertaking;

Provided that—

(a) separate accounts are maintained in respect of such unit; and

(b) the conditions specified in clause (d) of section 45 are complied with in relation to the establishment of such unit:

Provided further that this exemption shall apply to any such company only for a period of five successive assessment years commencing with the assessment year next following the date on which the company commences operations for the establishment of such unit.

(2) Wealth-tax shall not be payable by an assessee in respect of any deposit made by the assessee with the Government or in any security of the Government or of a local authority not specified in clause (xvi) of sub-section (1) which the Central Government may, by notification in the Official Gazette, exempt from wealth-tax; but the value of any deposit or security so exempted shall be included in computing the net wealth of the assessee.

(3) Notwithstanding anything contained in sub-section (1), wealth-tax shall be payable by an assessee in respect of the assets referred to in clause (xvi), clause (xix), clause (xx) of sub-section (1) or in sub-section (2) for any assessment year unless the assets are held by him—

(a) in the case of shares in a company, from the date on which the shares were first issued by the company, or for a period of at least six months ending with the relevant valuation date, whichever is shorter; and

(b) in the case of other assets, for a period of at least six months ending with the relevant valuation date.

Exclusion of
assets and
debts outside
India.

6. In computing the net wealth of an individual or a Hindu undivided family not resident in India or resident but not ordinarily resident in India, or of a company not resident in India during the year ending on the valuation date—

(i) the value of the assets and debts located outside India; and

(ii) the value of the assets in India represented by any loans or debts owing to the assessee in any case where the interest, if any, payable on such loans or debts is not to be included in the total income of the assessee under sub-section (3) of section 4 of the Income-tax Act;

shall not be taken into account.

Explanation 1.—An individual or a Hindu undivided family shall be deemed to be not resident in India or resident but not ordinarily resident in India during the year ending on the valuation date if in respect of that year the individual or the Hindu undivided family, as the case may be, is not resident in India or resident but not ordinarily resident in India within the meaning of the Income-tax Act.

Explanation 2.—A company shall be deemed to be resident in India during the year ending on the valuation date, if—

(a) it is a company formed and registered under the Companies Act, 1956, or is an existing company within the meaning of that Act; or

(b) during that year the control and management of its affairs is situated wholly in India.

7. (1) The value of any asset, other than cash, for the purposes of this Act, shall be estimated to be the price which in the opinion of the Wealth-tax Officer it would fetch if sold in the open market on the valuation date. Value of assets how to be determined.

(2) Notwithstanding anything contained in sub-section (1),—

(a) where the assessee is carrying on a business for which accounts are maintained by him regularly, the Wealth-tax Officer may, instead of determining separately the value of each asset held by the assessee in such business, determine the net value of the assets of the business as a whole having regard to the balance-sheet of such business as on the valuation date and making such adjustments therein as the circumstances of the case may require;

(b) where the assessee carrying on the business, is a company not resident in India and a computation in accordance with clause (a) cannot be made by reason of the absence of any separate balance-sheet drawn up for the affairs of such business in India, the Wealth-tax Officer may take the net value of the assets of the business in India to be that proportion of the net value of the assets of the business as a whole wherever carried on determined as aforesaid as the income arising from the business in India during the year ending with the valuation date bears to the aggregate income from the business wherever arising during that year.

CHAPTER III

WEALTH-TAX AUTHORITIES

8. Every Income-tax Officer having jurisdiction or exercising powers as such under the Income-tax Act in respect of any individual, Hindu undivided family or company shall perform the functions of a Wealth-tax Officer under this Act in respect of such individual, Hindu undivided family or company. Wealth-tax Officers.

9. The Board may empower as many persons as it thinks fit to exercise under this Act the functions of an Appellate Assistant Commissioner of Wealth-tax, and on being so empowered the Appellate Assistant Commissioners shall perform their functions in respect of such areas or such persons or such classes of persons as the Board may direct, and where such directions have assigned to two or more Appellate Assistant Commissioners the same area or the same persons or the same classes of persons they shall perform their func- Appellate Assistant Commissioners of Wealth-tax.

tions in accordance with such orders as the Board may make for the distribution and allocation of the work to be performed.

Commission-
ers of
Wealth-tax.

10. The Board may empower as many persons as it thinks fit to exercise under this Act the functions of a Commissioner of Wealth-tax, and on being so empowered the Commissioners of Wealth-tax shall perform their functions in respect of such areas or such persons or such classes of persons as the Board may direct and where such directions have assigned to two or more Commissioners the same area or the same persons or the same classes of persons they shall have concurrent jurisdiction subject to such orders, if any, as the Board may make for the distribution and allocation of the work to be performed.

Inspecting
Assistant
Commission-
ers of
Wealth-tax.

11. The Commissioner of Wealth-tax may empower as many persons as he thinks fit to exercise under this Act the functions of an Inspecting Assistant Commissioner of Wealth-tax, and on being so empowered the Inspecting Assistant Commissioners of Wealth-tax shall perform their functions in respect of such areas or such persons or such classes of persons as the Commissioner may direct, and where such directions have assigned to two or more Inspecting Assistant Commissioners the same area or the same persons or the same classes of persons they shall perform their functions in accordance with such orders as the Commissioner may make for the distribution and allocation of the work to be performed.

Wealth-tax
Officers to be
subordinate
to the Com-
missioner
of Wealth-
tax and the
Inspecting
Assistant
Commis-
sioner of
Wealth-tax.

12. The Wealth-tax Officers shall be subordinate to the Commissioner of Wealth-tax and the Inspecting Assistant Commissioner of Wealth-tax within whose jurisdiction they perform their functions.

Wealth-tax
authorities to
follow orders,
etc., of the
Board.

13. All officers and other persons employed in the execution of this Act shall observe and follow the orders, instructions and directions of the Board:

Provided that no orders, instructions or directions shall be given by the Board so as to interfere with the discretion of the Appellate Assistant Commissioner of Wealth-tax in the exercise of his appellate function.

CHAPTER IV

ASSESSMENT

Return
wealth.

14. (1) Every person whose net wealth on the valuation date was of such an amount as to render him liable to wealth-tax under this.

Act shall, before the thirtieth day of June of the corresponding assessment year, furnish to the Wealth-tax Officer a return in the prescribed form and verified in the prescribed manner setting forth his net wealth as on that valuation date:

Provided that for the assessment year commencing on the first day of April, 1957, the return may be made at any time before the thirty-first day of December, 1957.

(2) If the Wealth-tax Officer is of the opinion that the net wealth of any person is of such an amount as to render him liable to wealth-tax under this Act, then, notwithstanding anything contained in sub-section (1), he may serve a notice upon such person requiring him to furnish within such period, not being less than thirty days, as may be specified in the notice, a return in the prescribed form and verified in the prescribed manner and setting forth such other particulars as may be required in the notice, the net wealth of such person as on the valuation date mentioned in the notice.

(3) The Wealth-tax Officer may, if he is satisfied that it is necessary so to do, extend the date for the delivery of the return under this section.

15. If any person has not furnished a return within the time allowed under section 14, or having furnished a return under that section discovers any omission or a wrong statement therein, he may furnish a return or a revised return, as the case may be, at any time before the assessment is made. Return after due date and amendment of return.

16. (1) If the Wealth-tax Officer is satisfied without requiring the presence of the assessee or production by him of any evidence that a return made under section 14 is complete, he shall assess the net wealth of the assessee and determine the amount payable by him as wealth-tax. Assessment.

(2) If the Wealth-tax Officer is not so satisfied, he shall serve a notice on the assessee either to attend in person at his office on a date to be specified in the notice or to produce or cause to be produced on that date any evidence on which the assessee may rely in support of his return.

(3) The Wealth-tax Officer, after hearing such evidence as the person may produce and such other evidence as he may require on any specified points, shall, by order in writing, assess the net wealth of the assessee and determine the amount payable by him as wealth-tax.

(4) For the purpose of making an assessment under this Act the Wealth-tax Officer may serve, on any person who has made a return under sub-section (1) of section 14 or upon whom a notice

has been served under sub-section (2) of that section, a notice requiring him to produce or cause to be produced on a date specified in the notice such accounts, records or other documents as the Wealth-tax Officer may require.

(5) If any person fails to make a return in response to any notice under sub-section (2) of section 14, or fails to comply with the terms of any notice issued under sub-section (2) or sub-section (4), the Wealth-tax Officer shall make the assessment to the best of his judgment and determine the amount payable by the person as wealth-tax on the basis of such assessment.

Wealth
escaping
assessment.

17. If the Wealth-tax Officer—

(a) has reason to believe that by reason of the omission or failure on the part of the assessee to make a return of his net wealth under section 14 for any assessment year or to disclose fully and truly all material facts necessary for his assessment for that year, the net wealth chargeable to tax has escaped assessment for that year, whether by reason of under-assessment or assessment at too low a rate or otherwise; or

(b) has, in consequence of any information in his possession, reason to believe, notwithstanding that there has been no such omission or failure as is referred to in clause (a), that the net wealth chargeable to tax has escaped assessment for any year, whether by reason of under-assessment or assessment at too low a rate or otherwise;

he may, in cases falling under clause (a) at any time within eight years and in cases falling under clause (b) at any time within four years of the end of that assessment year, serve on the assessee a notice containing all or any of the requirements which may be included in a notice under sub-section (2) of section 14, and may proceed to assess or reassess such net wealth, and the provisions of this Act shall, so far as may be, apply as if the notice had issued under that sub-section.

Penalty for
concealment.

18. (1) If the Wealth-tax Officer, Appellate Assistant Commissioner, Commissioner or Appellate Tribunal in the course of any proceedings under this Act is satisfied that any person—

(a) has without reasonable cause failed to furnish the return of his net wealth which he is required to furnish under sub-section (1) or sub-section (2) of section 14 or section 17 or has without reasonable cause failed to furnish it within the time allowed and in the manner required; or

(b) has without reasonable cause failed to comply with a notice under sub-section (2) or sub-section (4) of section 16; or

(c) has concealed the particulars of his assets or deliberately furnished inaccurate particulars of his assets or debts;

he or it may, by order in writing direct that such person shall pay by way of penalty—

(i) in the case referred to in clause (a), in addition to the amount of wealth-tax payable by him, a sum not exceeding one-and-a-half times the amount of such tax, and

(ii) in the case referred to in clause (b) or clause (c), in addition to the amount of wealth-tax payable by him, a sum not exceeding one-and-a-half times the amount of the tax, if any, which would have been avoided if the net wealth returned by such person had been accepted as correct.

(2) No order shall be made under sub-section (1) unless the person concerned has been given a reasonable opportunity of being heard.

(3) No prosecution for an offence under this Act shall be instituted in respect of the same facts in relation to which a penalty has been imposed under this section.

(4) The Wealth-tax Officer shall not impose any penalty under this section without the previous approval of the Inspecting Assistant Commissioner of Wealth-tax.

CHAPTER V

LIABILITY TO ASSESSMENT IN SPECIAL CASES

19. (1) Where a person dies, his executor, administrator or other legal representative shall be liable to pay out of the estate of the deceased person, to the extent to which the estate is capable of meeting the charge, the wealth-tax assessed as payable by such person, or any sum, which would have been payable by him under this Act if he had not died.

Tax of deceased person payable by legal representative.

(2) Where a person dies without having furnished a return under the provisions of section 14 or after having furnished a return which the Wealth-tax Officer has reason to believe to be incorrect or incomplete, the Wealth-tax Officer may make an assessment of the net wealth of such person and determine the wealth-tax payable by the person on the basis of such assessment, and for this purpose may, by the issue of the appropriate notice which would have had to be served upon the deceased person if he had survived, require from the executor, administrator or other legal representative of the deceased person any accounts, documents or other evidence which

might under the provisions of section 16 have been required from the deceased person.

(3) The provisions of sections 14, 15 and 17 shall apply to an executor, administrator or other legal representative as they apply to any person referred to in those sections.

Assessment
after parti-
tion of a
Hindu
undivided
family.

20. (1) Where, at the time of making an assessment, it is brought to the notice of the Wealth-tax Officer that a partition has taken place among the members of a Hindu undivided family, and the Wealth-tax Officer, after inquiry, is satisfied that the joint family property has been partitioned as a whole among the various members or groups of members in definite portions, he shall record an order to that effect and shall make assessments on the net wealth of the undivided family as such for the assessment year or years, including the year relevant to the previous year in which the partition has taken place, if the partition has taken place on the last day of the previous year and each member or group of members shall be liable jointly and severally for the tax assessed on the net wealth of the joint family as such.

(2) Where the Wealth-tax Officer is not so satisfied, he may, by order, declare that such family shall be deemed for the purposes of this Act to continue to be a Hindu undivided family liable to be assessed as such.

Assessment
when assets
are held by
courts of
wards, ad-
ministrators-
general, etc.

21. (1) In the case of assets chargeable to tax under this Act which are held by a court of wards or an administrator-general or an official trustee or any receiver or manager or any other person, by whatever name called, appointed under any order of a court to manage property on behalf of another, or any trustee appointed under a trust declared by a duly executed instrument in writing, whether testamentary or otherwise (including a trustee under a valid deed of wakf), the wealth-tax shall be levied upon and recoverable from the court of wards, administrator-general, official trustee, receiver, manager or trustee, as the case may be, in the like manner and to the same extent as it would be leviable upon and recoverable from the person on whose behalf the assets are held, and the provisions of this Act shall apply accordingly.

(2) Nothing contained in sub-section (1) shall prevent either the direct assessment of the person on whose behalf the assets above referred to are held, or the recovery from such person of the tax payable in respect of such assets.

(3) Where the guardian or trustee of any person being a minor, lunatic or idiot (all of which persons are hereinafter in this sub-section included in the term "beneficiary") holds any assets on

behalf of such beneficiary, the tax under this Act shall be levied upon and recoverable from such guardian or trustee, as the case may be, in the like manner and to the same extent as it would be leviable upon and recoverable from any such beneficiary if of full age or sound mind and in direct ownership of such assets.

(4) Notwithstanding anything contained in this section, where the shares of the persons on whose behalf any such assets are held are indeterminate or unknown, the wealth-tax may be levied upon and recovered from the court of wards, administrator-general, official trustee, receiver, manager or other person aforesaid as if the persons on whose behalf the assets are held were an individual for the purposes of this Act.

22. (1) Where the person liable to tax under this Act resides outside India, the tax may be levied upon and recovered from his agent, and the agent shall be deemed to be, for all the purposes of this Act, the assessee in respect of such tax. Assessment of persons residing outside India.

(2) Any person employed by or on behalf of a person referred to in sub-section (1) or through whom such person is in the receipt of any income, profits or gains, or who is in possession or has custody of any asset of such person and upon whom the Wealth-tax Officer has caused a notice to be served of his intention of treating him as the agent of such person shall, for the purposes of sub-section (1), be deemed to be the agent of such person:

Provided that—

(1) no person shall be deemed to be the agent of another under this section unless he has had an opportunity of being heard by the Wealth-tax Officer as to his being treated as such; and

(2) no agent shall be liable to pay any amount by way of wealth-tax under sub-section (1) in excess of the amount belonging to the person residing outside India and in the hands of the agent at the time the notice of demand is served on him.

CHAPTER VI

APPEALS, REVISIONS AND REFERENCES

23. (1) Any person,—

(a) objecting to the amount of his net wealth determined under this Act; or

(b) objecting to the amount of wealth-tax determined as payable by him under this Act; or

(c) denying his liability to be assessed under this Act; or

Appeal to the Appellate Assistant Commissioner from orders of Wealth-tax Officers.

(d) objecting to any penalty imposed by the Wealth-tax Officer under section 18; or

(e) objecting to any order of the Wealth-tax Officer under sub-section (2) of section 20; or

(f) objecting to any penalty imposed by the Wealth-tax Officer under the provisions of sub-section (1) of section 46 of the Income-tax Act as applied under section 32 for the purposes of wealth-tax;

may appeal to the Appellate Assistant Commissioner against the assessment or order, as the case may be, in the prescribed form and verified in the prescribed manner.

(2) An appeal shall be presented within thirty days of the receipt of the notice of demand relating to the assessment or penalty objected to, or the date on which any order objected to, is communicated to him, but the Appellate Assistant Commissioner may admit an appeal after the expiration of the period aforesaid if he is satisfied that the appellant had sufficient cause for not presenting the appeal within that period.

(3) The Appellate Assistant Commissioner shall fix a day and place for the hearing of the appeal and may, from time to time, adjourn the hearing.

(4) The Appellate Assistant Commissioner may—

(a) at the hearing of an appeal, allow an appellant to go into any ground of appeal not specified in the grounds of appeal;

(b) before disposing of an appeal, make such further inquiry as he thinks fit or cause further inquiry to be made by the Wealth-tax Officer.

(5) In disposing of an appeal, the Appellate Assistant Commissioner may pass such order as he thinks fit which may include an order enhancing the assessment or penalty:

Provided that no order enhancing the assessment or penalty shall be made unless the person affected thereby has been given a reasonable opportunity of showing cause against such enhancement.

(6) A copy of every order passed by the Appellate Assistant Commissioner under this section shall be forwarded to the Appellant and the Commissioner.

Appeal to
the Appellate
Tribunal
from orders
of the
Appellate
Assistant
Commis-
sioners.

24. (1) Any assessee objecting to an order passed by an Appellate Assistant Commissioner under section 23 may appeal to the Appellate Tribunal within sixty days of the date on which he is served with notice of such order.

(2) The Commissioner may, if he is not satisfied as to the correctness of any order passed by an Appellate Assistant Commissioner

under section 23, direct the Wealth-tax Officer to appeal to the Appellate Tribunal against such order, and such appeal may be made at any time before the expiry of sixty days of the date on which the order is communicated to the Commissioner.

(3) The Tribunal may admit an appeal after the expiry of the sixty days referred to in sub-sections (1) and (2) if it is satisfied that there was sufficient cause for not presenting it within that period.

(4) An appeal to the Appellate Tribunal shall be in the prescribed form and shall be verified in the prescribed manner and shall, except in the case of an appeal referred to in sub-section (2), be accompanied by a fee of one hundred rupees.

(5) The Appellate Tribunal may, after giving both parties to the appeal an opportunity of being heard, pass such orders thereon as it thinks fit, and any such orders may include an order enhancing the assessment or penalty:

Provided that no order enhancing an assessment or penalty shall be made unless the person affected thereby has been given a reasonable opportunity of showing cause against such enhancement.

(6) Where the appellant objects to the valuation of any property, the Appellate Tribunal may, and if the appellant so requires shall, refer the question of the disputed value to the arbitration of two valuers, one of whom shall be nominated by the appellant and the other by the respondent, and the Tribunal shall, so far as that question is concerned, pass its orders under sub-section (4) conformably to the decision of the valuers:

Provided that if there is a difference of opinion between the two valuers, the matter shall be referred to a third valuer nominated by agreement, or failing agreement, by the Appellate Tribunal, and the decision of that valuer on the question of valuation shall be final.

(7) The costs of any arbitration proceeding under sub-section (6) shall be borne by the Central Government or the assessee as the case may be, at whose instance the question was referred to the valuers:

Provided that where the assessee has been wholly or partially successful in any reference made at his instance, the extent to which the costs should be borne by the assessee shall be at the discretion of the Appellate Tribunal.

(8) The valuers may, in disposing of any matter referred to them for arbitration under sub-section (6), hold or cause to be

held such inquiry as they think fit, and after giving the appellant and the respondent an opportunity of being heard, pass such orders thereon as they think fit and shall send a copy of such order to the Appellate Tribunal.

(9) A copy of every order passed by the Appellate Tribunal under this section shall be forwarded to the assessee and the Commissioner.

(10) Save as provided in section 27, any order passed by the Appellate Tribunal on appeal shall be final.

(11) The provisions of sub-sections (5), (7) and (8) of section 5A of the Income-tax Act shall apply to the Appellate Tribunal in the discharge of its functions under this Act as they apply to it in the discharge of its functions under the Income-tax Act.

Powers of
Commissioner to
revise orders
of subordinate
authorities.

25. (1) The Commissioner may, either of his own motion or on application made by an assessee in this behalf, call for the record of any proceeding under this Act in which an order has been passed by any authority subordinate to him, and may make such inquiry, or cause such inquiry to be made, and, subject to the provisions of this Act, pass such order thereon, not being an order prejudicial to the assessee, as the Commissioner thinks fit:

Provided that the Commissioner shall not revise any order under this sub-section in any case—

(a) where an appeal against the order lies to the Appellate Assistant Commissioner or to the Appellate Tribunal, the time within which such appeal can be made has not expired or in the case of an appeal to the Appellate Tribunal the assessee has not waived his right of appeal;

(b) where the order is the subject of an appeal before the Appellate Assistant Commissioner or the Appellate Tribunal;

(c) where the application is made by the assessee for such revision, unless—

(i) the application is accompanied by a fee of twenty-five rupees; and

(ii) the application is made within one year from the date of the order sought to be revised or within such further period as the Commissioner may think fit to allow on being satisfied that the assessee was prevented by sufficient cause from making the application within that period; and

(d) where the order is sought to be revised by the Commissioner of his own motion, if such order is made more than one year previously.

Explanation.—For the purposes of this sub-section,—

(a) the Appellate Assistant Commissioner shall be deemed to be an authority subordinate to the Commissioner; and

(b) an order by the Commissioner declining to interfere shall be deemed not to be an order prejudicial to the assessee.

(2) Without prejudice to the provisions contained in sub-section (1), the Commissioner may call for and examine the record of any proceeding under this Act, and if he considers that any order passed therein by a Wealth-tax Officer is erroneous in so far as it is prejudicial to the interests of revenue, he may, after giving the assessee an opportunity of being heard, and after making or causing to be made such inquiry as he deems necessary pass such order thereon as the circumstances of the case justify, including an order enhancing or modifying the assessment or cancelling it and directing a fresh assessment.

26. (1) Any assessee objecting to an order of enhancement made by the Commissioner under section 25 may appeal to the Appellate Tribunal within sixty days of the date on which the order is communicated to him.

Appeal to the Appellate Tribunal from orders of enhancement by Commissioners.

(2) An appeal to the Appellate Tribunal under sub-section (1) shall be in the prescribed form and shall be verified in the prescribed manner and shall be accompanied by a fee of rupees one hundred.

(3) The provisions of sub-sections (3) and (5) to (10) inclusive of section 24 shall apply in relation to any appeal under this section as they apply in relation to any appeal under that section.

27. (1) Within ninety days of the date upon which he is served with an order under section 24 or section 26, the assessee or the Commissioner may present an application in the prescribed form and, where the application is by the assessee, accompanied by a fee of one hundred rupees to the Appellate Tribunal requiring the Appellate Tribunal to refer to the High Court any question of law arising out of such order, and the Appellate Tribunal shall, if in its opinion a question of law arises out of such order, state the case for the opinion of the High Court.

Reference to High Court.

(2) An application under sub-section (1) may be admitted after the expiry of the period of ninety days aforesaid if the Tribunal is satisfied that there was sufficient cause for not presenting it within the said period.

(3) If, on an application made under sub-section (1), the Appellate Tribunal,—

(a) refuses to state a case on the ground that no question of law arises; or

(b) rejects it on the ground that it is time barred;

the applicant may, within three months from the date on which he is served with a notice of refusal or rejection, as the case may be, apply to the High Court, and the High Court may, if it is not satisfied with the correctness of the decision of the Appellate Tribunal, require the Appellate Tribunal to state the case to the High Court, and on receipt of such requisition the Appellate Tribunal shall state the case:

Provided that, if in any case where the Appellate Tribunal has been required by an assessee to state a case the Appellate Tribunal refuses to do so on the ground that no question of law arises, the assessee may, within thirty days from the date on which he receives notice of refusal to state the case, withdraw his application, and if he does so, the fee paid by him under sub-section (1) shall be refunded to him.

(4) The statement to the High Court shall set forth the facts, the determination of the Appellate Tribunal and the question of law which arises out of the case.

(5) If the High Court is not satisfied that the case as stated is sufficient to enable it to determine the question of law raised thereby, it may require the Appellate Tribunal to make such modifications therein as it may direct.

(6) The High Court, upon hearing any such case, shall decide the question of law raised therein, and in doing so, may, if it thinks fit, alter the form of the question of law and shall deliver judgment thereon containing the ground on which such decision is founded and shall send a copy of the judgment under the seal of the Court and the signature of the Registrar to the Appellate Tribunal and the Appellate Tribunal shall pass such orders as are necessary to dispose of the case conformably to such judgment.

(7) Where the amount of any assessment is reduced as a result of any reference to the High Court, the amount, if any, overpaid as wealth-tax shall be refunded with such interest as the Commissioner may allow, unless the High Court, on intimation given by the Commissioner within thirty days of the receipt of the result of such reference that he intends to ask for leave to appeal to the Supreme Court makes an order authorising the Commissioner to postpone payment of such refund until the disposal of the appeal in the Supreme Court.

(8) The costs of any reference to the High Court shall be in the discretion of the Court.

of 1908. (9) Section 5 of the Indian Limitation Act, 1908, shall apply to an application to the High Court under this section.

28. When a case has been stated to the High Court under section 27, it shall be heard by a Bench of not less than two Judges of the High Court and shall be decided in accordance with the opinion of such Judges or of the majority of such Judges, if any: Hearing by High Court.

Provided that where there is no such majority, the Judges shall state the point of law upon which they differ and the case shall then be heard upon that point only by one or more of the Judges of the High Court, and such point shall be decided according to the opinion of the majority of the Judges who have heard the case, including those who first heard it.

29. (1) An appeal shall lie to the Supreme Court from any judgment of the High Court delivered on a case stated under section 27 in any case which the High Court certifies as a fit case for appeal to the Supreme Court. Appeal to Supreme Court.

(2) Where the judgment of the High Court is varied or reversed on appeal under this section, effect shall be given to the order of the Supreme Court in the manner provided in sub-section (6) of section 27.

(3) The High Court may, on application made to it for the execution of any order of the Supreme Court in respect of any costs awarded by it, transmit the order for execution to any court subordinate to the High Court.

CHAPTER VII

PAYMENT AND RECOVERY OF WEALTH-TAX

30. When any tax or penalty is due in consequence of any order passed under this Act, the Wealth-tax Officer shall serve upon the assessee or other person liable to pay such tax or penalty a notice of demand in the prescribed form specifying the sum so payable and the time within which it shall be payable. Notice of demand.

31. (1) Any amount specified as payable in a notice of demand issued under section 30 shall be paid within the time, at the place, and to the person mentioned in the notice, or if no time is so mentioned, then on or before the first day of the second month following the date of service of the notice, and any assessee failing so to pay shall be deemed to be in default. Recovery of tax and penalties.

(2) Where an assessee has been assessed in respect of **assets** located in a country outside India, the laws of which prohibit or restrict the remittance of money to India, the Wealth-tax Officer shall not treat the assessee as in default in respect of that part of the tax which is attributable to the assets in that country, and shall continue to treat the assessee as not in default in respect of that part of the tax until the prohibition or restriction of remittance is removed.

(3) Notwithstanding anything contained in this section, where an assessee has presented an appeal under section 23, the Wealth-tax Officer may in his discretion treat the assessee as not being in default as long as such appeal is undisposed of.

Mode of
recovery.

32 The provisions of sub-sections (1), (1A), (2), (3), (4), (5), (5A), (6) and (7) of section 46 and section 47 of the Income-tax Act shall apply as if the said provisions were provisions of this Act and referred to wealth-tax and sums imposed by way of penalty under this Act instead of to income-tax and sums imposed by way of penalty under that Act, and to Wealth-tax Officer and Commissioner of Wealth-tax instead of to Income-tax Officer and Commissioner of Income-tax.

Liability of
transferees of
properties in
certain cases.

33. (1) Where by reason of the provisions contained in section 4, the value of any assets transferred to **any** of the persons mentioned in that section have to be included in the net wealth of an individual, the person in whose name such assets stand shall, notwithstanding anything contained in any law to the contrary, be liable, on the service of a notice of demand by the Wealth-tax Officer in this behalf, to pay that portion of the tax assessed on the assessee as is attributable to the value of the asset standing in his name as aforesaid:

Provided that where any such asset is held jointly by more than one person, they shall be jointly and severally liable to pay the tax as is attributable to the value of the asset so jointly held.

(2) Where any such person as is referred to in sub-section (1) defaults in making payment of any tax demanded from him, he shall be deemed to be an assessee in default in respect of such sum, and all the provisions of this Act relating to recovery shall apply accordingly.

Restrictions
on registra-
tion of trans-
fers of im-
movable pro-
perty in
certain cases

34. Where any document required to be registered under the provisions of clause (a), clause (b), clause (c) or clause (e) of sub-section (1) of section 17 of the Indian Registration Act, 1908, 16 of 1908, purports to transfer, assign, limit or extinguish the right, title or interest of any person to or in any property other than agricultural land valued at more than one lakh of rupees, no registering officer

appointed under that Act shall register any such document, unless the Wealth-tax Officer certifies that—

(a) such person has either paid or made satisfactory provision for the payment of all existing liabilities under this Act, or

(b) the registration of the document will not prejudicially affect the recovery of any existing liability under this Act.

CHAPTER VIII

MISCELLANEOUS

35. At any time within four years from the date of any order passed by him, or it, the Commissioner, the Wealth-tax Officer, the Appellate Assistant Commissioner and the Appellate Tribunal may, on his, or its, own motion rectify any mistake apparent from the record and shall, within a like period, rectify any such mistake which has been brought to the notice of the Commissioner, the Wealth-tax Officer, the Appellate Assistant Commissioner or the Appellate Tribunal, as the case may be, by an assessee: Rectification of mistakes.

Provided that no such rectification shall be made which has the effect of enhancing the assessment unless the assessee has been given a reasonable opportunity of being heard in the matter.

36. (1) If a person fails without reasonable cause—

Prosecutions

(a) to furnish in due time any return mentioned in section 14;

(b) to produce, or cause to be produced, on or before the date mentioned in any notice under sub-section (2) or sub-section (4) of section 16 such accounts, records and documents as are referred to in the notice;

(c) to furnish within the time specified any statement or information which such person is bound to furnish to the Wealth-tax Officer under section 38;

he shall, on conviction before a magistrate, be punishable with fine which may extend to ten rupees for every day during which the default continues.

(2) If a person makes a statement in a verification mentioned in section 14 or section 23 or section 24 or section 26 which is false, and which he either knows or believes to be false, or does not believe to be true, he shall be punishable with simple imprisonment which may extend to one year, or with fine which may extend to one thousand rupees, or with both.

(3) A person shall not be proceeded against for an offence under this section except at the instance of the Commissioner.

(4) The Commissioner may either before or after the institution of proceedings compound any such offence

Explanation—For the purposes of this section, “magistrate” means a presidency magistrate, a magistrate of the first class or a magistrate of the second class specially empowered by the Central Government to try offences under this Act

Power to
take evidence
on oath, etc.

37. The Commissioner, the Wealth-tax Officer, the Appellate Assistant Commissioner and the Appellate Tribunal shall, for the purposes of this Act, have the same powers as are vested in a court under the Code of Civil Procedure, 1908, when trying a suit in respect of the following matters, namely:—

- (a) enforcing the attendance of any person and examining him on oath,
- (b) requiring the discovery and production of documents;
- (c) receiving evidence on affidavit;
- (d) issuing commissions for the examination of witnesses;

and any proceeding before the Commissioner, the Wealth-tax Officer, the Appellate Assistant Commissioner or the Appellate Tribunal shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228 of the Indian Penal Code

45 of 1860

Information,
returns and
statements.

38 Where, for the purposes of determining the wealth-tax payable by any person, it appears necessary for the Wealth-tax Officer to obtain any statement or information from any individual, company, firm, Hindu undivided family or other person, the Wealth-tax Officer may serve a notice requiring such individual, company, firm, Hindu undivided family or other person, on or before a date to be therein specified, to furnish such statement or information on the points specified in the notice, and the individual or the principal officer concerned or the manager of the Hindu undivided family, as the case may be, shall, notwithstanding anything in any law to the contrary, be bound to furnish such statement or information to the Wealth-tax Officer.

Provided that no legal practitioner shall be bound to furnish any statement or information under this section based on any professional communications made to him otherwise than as permitted by section 126 of the Indian Evidence Act, 1872

1 of 1872

39. Whenever in respect of any proceeding under this Act any wealth-tax authority ceases to exercise jurisdiction and is succeeded by another who has and exercises such jurisdiction, the authority so succeeding may continue the proceeding from the stage at which the proceeding was left by his predecessor.

Effect of transfer of authorities on pending proceedings.

40. In computing the period of limitation prescribed for an appeal under this Act or for an application under section 27, the day on which the order complained of was made and the time requisite for obtaining a copy of such order shall be excluded.

Computation of periods of limitation.

41. (1) A notice or a requisition under this Act may be served on the person therein named either by post or as if it were a summons issued by a court under the Code of Civil Procedure, 1908.

Service of notice.

3 of 1908.

(2) Any such notice or requisition may, in the case of a firm or a Hindu undivided family, be addressed to any member of the firm or to the manager or any adult male member of the family, and in the case of any other association of persons be addressed to the principal officer thereof.

42. (1) Subject to the provisions contained in sub-section (2), the provisions of section 54 of the Income-tax Act shall apply to all accounts or in relation to statements, documents, evidence or affidavits given, produced or obtained in connection with or in the course of any proceeding under this Act as they apply to or in relation to similar particulars under that Act subject to the modification that the reference to "any income-tax authority" in clause (d) of sub-section (2) and to the "Commissioner" in sub-section (5) of that Act shall be construed as a reference to "any wealth-tax authority" and to the "Commissioner of Wealth-tax" respectively.

Prohibition of disclosure of information.

(2) Nothing contained in section 54 of the Income-tax Act shall apply to the disclosure of any such particulars as are referred to in sub-section (1) to any person acting in the execution of this Act or the Income-tax Act or the Estate Duty Act, 1953, where it is necessary or desirable to disclose the same to him for the purpose of this Act or any of the other Acts aforesaid.

34 of 1953

43. No suit shall lie in any civil court to set aside or modify any assessment made under this Act, and no prosecution, suit or other legal proceeding shall lie against any officer of the Government for anything in good faith done or intended to be done under this Act.

Bar of jurisdiction.

Appearance
before
wealth-tax
authorities by
authorised
representa-
tives.

44. Any assessee who is entitled to or required to attend before any wealth-tax authority or the Appellate Tribunal in connection with any proceeding or inquiry under this Act, except where he is required under this Act to attend in person, may attend by a person authorised by him in writing in this behalf, being a relative of, or a person regularly employed by, the assessee or a legal practitioner or a chartered accountant or any other person having such qualifications as may be prescribed.

Explanation.—For the purposes of this section,—

(a) the expression, “a person regularly employed by the assessee” includes any officer of a Scheduled Bank with which the assessee maintains a current account or has other regular dealings;

(b) “chartered accountant” means a chartered accountant as defined in the Chartered Accountants Act, 1949.

38 of 1949.

Act not to
apply in cer-
tain cases.

45. The provisions of this Act shall not apply to—

(a) a banking company as defined in section 5 of the Banking Companies Act, 1949;

10 of 1949.

(b) an insurer within the meaning of the Insurance Act, 1938;

4 of 1938.

(c) any company established with the object of financing, whether by way of making loans or advances to, or subscribing to the capital of, private industrial enterprises in India, in any case where the Central Government has made or agreed to make to the company a special advance for the purpose or has guaranteed or agreed to guarantee the payment of moneys borrowed by the company from any institution outside India;

(d) any company established with the object of carrying on an industrial undertaking in India in any case where the company is not formed by the splitting up, or the reconstruction of a business already in existence or by the transfer to a new business of any building, machinery or plant used in a business which was being previously carried on;

Provided that the exemption granted by clause (d) shall apply to any such company as is referred to therein only for a period of five successive assessment years commencing with the assessment year next following the date on which the company is established, which period shall, in the case of a company established before the commencement of this Act, be computed in accordance with this Act from the date of its establishment as if this Act had been in force on and from the date of its establishment;

Explanation.—For the purposes of clause (d), “industrial undertaking” means an undertaking engaged in the manufacture, production or processing of goods or articles or in mining or in the generation or distribution of electricity or any other form of power;

(e) any company solely engaged in the business of transporting goods or passengers by ships;

1 of 1956.

(f) any company registered under section 25 of the Companies Act, 1956;

46. (1) The Board may, by notification in the Official Gazette, ^{Power to} make rules for carrying out the purposes of this Act. ^{make rules.}

(2) In particular, and without prejudice to the generality of the foregoing power, rules made under this section may provide for—

(a) the manner in which the market value of any asset may be determined;

(b) the form in which returns under this Act shall be made and the manner in which they shall be verified;

(c) the form in which appeals and applications under this Act may be made, and the manner in which they shall be verified;

(d) the form of any notice of demand under this Act;

(e) the areas for which lists of valuers may be drawn up;

(f) any other matter which has to be, or may be, prescribed for the purposes of this Act.

(3) The powers to make rules conferred by this section shall on the first occasion of the exercise thereof include the power to give retrospective effect to the rules or any of them from a date not earlier than the date of commencement of this Act.

(4) All rules made under this Act shall be laid before each House of Parliament, as soon as may be, after they are made, and shall be subject to such modifications as Parliament may make during the session in which they are so laid or the session immediately following.

THE SCHEDULE

(See section 3)

RATES OF WEALTH-TAX

PART I

RATE OF TAX

(a) In the case of every individual:—

(i) on the first rupees two lakhs of net wealth	..	<i>Nil</i>
(ii) on the next rupees ten lakhs of net wealth	..	$\frac{1}{2}\%$
(iii) on the next rupees ten lakhs of net wealth	..	1%
(iv) on the balance of net wealth	..	$1\frac{1}{2}\%$

(b) In the case of every Hindu undivided family:—

(i) on the first rupees four lakhs of net wealth	..	<i>Nil</i>
(ii) on the next rupees nine lakhs of net wealth	..	$\frac{1}{2}\%$
(iii) on the next rupees ten lakhs of net wealth	..	1%
(iv) on the balance of net wealth	..	$1\frac{1}{2}\%$

PART II

In the case of every company:—

(i) on the first rupees five lakhs of net wealth	..	<i>Nil</i>
(ii) on the balance of net wealth	..	$\frac{1}{2}\%$

Provided that in the case of a company which has incurred a net loss in any year computed in the manner hereinafter provided and which has not declared any dividend on its equity capital in respect of that year, the rate of tax for the relevant year shall be *nil*.

The loss referred to in the above proviso shall be computed in accordance with the provisions of sections 8, 9, 10 and 12 of the Income-tax Act but without deducting the allowances referred to in paragraph (b) of the proviso to clause (vi) of sub-section (2) of section 10, sub-clause (via) and sub-clause (vib) of sub-section (2) of section 10 of that Act or the allowance in respect of any losses brought forward from earlier years.

Rule 1.—Where the net wealth of an assessee includes the value of any asset on which wealth-tax is not payable under sub-section (2) of section 5, the amount of tax payable by the assessee shall be an amount bearing to the total amount of wealth-tax which would have been payable on the net wealth had no property been exempt the same proportion as the unexempted portion of net wealth bears to the net wealth.

Rule 2.—Where the net wealth of an assessee not being a company, in respect of any assessment year includes the value of any shares in a company as defined in section 3 of the Companies

1 of 1956.

Act, 1956, the wealth-tax payable by the assessee on his net wealth for that assessment year, computed in accordance with the rates specified above, shall be reduced by the amount, if any, by which the sum of the following, namely:—

(a) that portion of the wealth-tax payable by the assessee computed as aforesaid as bears to the whole amount of the tax, the same proportion as the value of the shares aforesaid included in his net wealth bears to his net wealth,

(b) that portion of the wealth-tax, if any, paid by the company in respect of the same assessment year, as bears to the whole amount of the said tax, the same proportion as the paid up value of the shares included in the assessment of the assessee aforesaid bears to the aggregate paid up value of the share capital of the company as on the relevant valuation date, exceeds the amount calculated at the rate of 1·5 per cent. on the value of the shares included in his net wealth.

Rule 3.—Where an assessee is an individual who is not a citizen of India and who is not resident in India, the wealth-tax payable by him in respect of any assessment year computed in accordance with the rates specified in this Schedule shall be reduced by an amount equal to 50 per cent. thereof.

Rule 4.—Where the net wealth of an assessee, being an individual who is a citizen of India, or a Hindu undivided family, includes any assets located outside India, the wealth-tax payable by the assessee in respect of any assessment year shall be reduced by an amount which bears to the amount of tax that would have been payable by the assessee if the rates of tax had been reduced to one-half of the rates specified in this Schedule the same proportion as the value of the assets located outside India as reduced by the debts located outside India bears to the net wealth of the assessee.

Rule 5.—Where the profits of a company in respect of any year, before deducting any of the allowances referred to in the second paragraph of the proviso to Part II, are less than the amount of wealth-tax payable by it in respect of the relevant assessment year, the wealth-tax payable by the company for such assessment year shall be limited to the amount of such profits:

Provided that the company has not declared any dividend on its equity capital in respect of that year.

G. R. RAJAGOPAUL,

Addl. Secy. to the Govt. of India.

